

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Judiciary Committee

BILL: CS/SB 1570

INTRODUCER: Commerce Committee and Senator Garcia

SUBJECT: Household Moving Services

DATE: April 14, 2009

REVISED: \_\_\_\_\_

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. O'Callaghan	Cooper	CM	<b>Fav/CS</b>
2. Wolfgang	Yeatman	CA	<b>Fav/1 amendment</b>
3. Gizzi	Maclure	JU	<b>Favorable</b>
4. _____	_____	FT	_____
5. _____	_____	GA	_____
6. _____	_____	_____	_____

**Please see Section VIII. for Additional Information:**

- |                              |  |   |
|------------------------------|--|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="checked" type="checkbox"/> | Statement of Substantial Changes        |
| B. AMENDMENTS.....           | <input checked="checked" type="checkbox"/> | Technical amendments were recommended   |
|                              | <input type="checkbox"/>                   | Amendments were recommended             |
|                              | <input type="checkbox"/>                   | Significant amendments were recommended |

**I. Summary:**

This bill preempts local government ordinances regulating movers of household goods or moving brokers. Local ordinances that were enacted before January 1, 2009 or an amendment thereof may remain in effect, provided that such ordinances levy “reasonable” registration fees that do not exceed the cost of administering the ordinance. However, these existing ordinances may only require registration and bonding of a mover or moving broker whose principal place of business is located in that jurisdiction. The bill further clarifies that the preemption does not apply to a local government’s authority to levy local business taxes.

In addition, the bill:

- Excludes movers from liability in certain circumstances;
- Allows movers to refuse to transport shipped-packed goods under certain circumstances;
- Requires movers to register biennially, rather than annually, with the Department of Agriculture and Consumer Services; and
- Clarifies the definition of storage.

This bill substantially amends the following sections of the Florida Statutes: 507.01, 507.03, 507.04, 507.06, 507.07, and 507.13.

## **II. Present Situation:**

Federal law expressly permits states to regulate the intrastate transportation of household goods.<sup>1</sup> Florida law regulating household moving services is covered in ch. 507, F.S., which “applies to the operations of any mover or moving broker engaged in the intrastate transportation or shipment of household goods originating in this state and terminating in this state.”<sup>2</sup>

### **Movers and Moving Brokers Registration**

Section 507.03, F.S., requires that any “mover” or “moving broker” wishing to do business in Florida must register annually with the Florida Department of Agriculture and Consumer Services (FDACS). To obtain a registration certificate, the mover or moving broker must file an application, pay a \$300 annual registration fee, and meet certain statutory qualifications, including proof of insurance coverage.<sup>3</sup>

Section 507.01(9), F.S., defines “mover” to mean a person who, for compensation, contracts for or engages in the loading, transportation, shipment, or unloading of household goods as part of a household move. The term does not include a postal, courier, envelope, or package service that does not advertise itself as a mover or moving service.<sup>4</sup> “Moving broker” is classified as a person who, for compensation, arranges for another person to load, transport, ship, or unload household goods as part of a household move or who, for compensation, refers a shipper to a mover by telephone, postal or electronic mail, Internet website, or other means.<sup>5</sup>

Failure to comply with these intrastate registration requirements may subject a mover or moving broker to a “cease and desist order and fines of up to \$5,000.”<sup>6</sup>

### **Insurance Coverages and Liability Limitations**

Section 507.04, F.S., requires that movers and moving brokers maintain liability and motor vehicle insurance. A mover operating more than two vehicles is required to maintain liability insurance coverage in the amount of at least \$10,000 per shipment, and the mover’s liability must not be less than 60 cents per pound per article.<sup>7</sup> Movers operating two or fewer vehicles may maintain a performance bond or certificate of deposit in the amount of \$25,000, in lieu of maintaining liability insurance.<sup>8</sup> All movers must maintain motor vehicle insurance coverage and the amount of coverage required is determined by the weight of the commercial motor vehicle.<sup>9</sup>

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<sup>1</sup> See 49 U.S.C. 14501(c)(2)(B).

<sup>2</sup> Section 507.02(2), F.S.

<sup>3</sup> Section 507.03(1), F.S.

<sup>4</sup> Section 507.01(9), F.S.

<sup>5</sup> Section 507.1(10), F.S.

<sup>6</sup> Florida Department of Agriculture and Consumer Services, *Intrastate Household Moving, Licensing Permits Registrations*, <http://www.doacs.state.fl.us/onestop/cs/move.html> (last visited on April 8, 2009).

<sup>7</sup> Section 507.04(1)(a) and (4), F.S.

<sup>8</sup> Section 507.04(1)(b), F.S.

<sup>9</sup> Section 507.04(2)(a)-(c), F.S.

Contractual provisions that limit a movers liability for a shipper's goods are required to be disclosed by the mover in writing to the seller along with the valuation rate "at the time that the estimate and contract for services are executed and" prior to any moving services.<sup>10</sup> Movers that offer valuation coverage must also inform the shipper "of the opportunity to purchase" such coverage in the disclosure.<sup>11</sup> However, any contract for moving services that seeks to limit a mover's liability beyond the minimum valuation rate of "60 cents per pound per article" is void under s. 507.04(4), F.S.

### **Violations and Penalties**

Current law regulates movers and moving brokers by specifying certain contract, delivery, and storage requirements.<sup>12</sup> Furthermore, s. 507.07, F.S., states that it is a violation for movers and moving brokers to:

- Conduct or engage in the business of moving without first being registered annually with the department;
- Knowingly make a false statement, representation, or certification of a document required to be submitted or retained;
- Misrepresent or deceptively represent: the contract for services or inventory of goods; the timeframe for delivery or storage of goods; the price, size, nature, extent, qualities, or characteristics of services offered; or a shipper's rights, privileges, or benefits;
- Fail to honor and comply with provisions of the contract for services;
- Withhold delivery of household goods against the wishes of the shipper and after the shipper has paid according to the estimate provided in the service contract; or
- Include a contract provision purporting to waive or limit a shipper's right or benefit as provided in this chapter;
- Seek or solicit a waiver or acceptance from a shipper of a provision limiting a shipper's right or benefit;
- Solicit services without clearly disclosing the mover's fixed business address;
- Commit any other act of fraud, misrepresentation, or failure to disclose a material fact;
- Refuse or fail, after notice, to produce any document or record or disclose any information required to be produced or disclosed; or
- Knowingly make a false statement in response to any request or investigation by the department, Department of Legal Affairs, or the state attorney.<sup>13</sup>

Movers that commit any of the above-listed prohibited acts may be subject to administrative, civil, or criminal penalties.<sup>14</sup> Violations under ch. 507, F.S., may also be deemed an unfair or deceptive act or practice or unfair method of competition in violation of the Florida Deceptive

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<sup>10</sup> Section 507.04(4), F.S.

<sup>11</sup> *Id.*

<sup>12</sup> See ss. 507.05 and 507.06, F.S.

<sup>13</sup> Section 507.07, F.S.

<sup>14</sup> See ss. 507.09, 507.10, and 507.11, F.S.

and Unfair Trade Practices Act, subjecting a violator to a civil penalty of up to \$10,000 per violation.<sup>15</sup>

### Local Ordinances and Regulations

Currently, ch. 507, F.S., allows municipalities and counties to adopt local ordinances or regulations relating to the moving of household goods in addition to state regulations required by the statute.<sup>16</sup> Broward, Miami-Dade, Palm Beach, and Pinellas Counties currently have ordinances regulating household moving.<sup>17</sup> Movers or moving brokers whose principal place of business is located in a county or municipality that has such ordinances requiring local licensing or registration are required to obtain local registration in addition to registering with the state.<sup>18</sup> Florida law also allows for local taxes, fees, and bonding related to movers and moving brokers.<sup>19</sup>

Chapter 205, F.S., authorizes a local government to levy a business tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction, called a local business tax.<sup>20</sup> The local business tax “does not mean any fees or licenses paid to any board, commission, or officer for permits, registration, examination, or inspection,” which are “in addition to, but not in lieu of,” the local business tax.<sup>21</sup>

According to the Federal Motor Carrier Safety Administration (FMCSA), Florida, California, New York, and New Jersey are “hot spots” for moving fraud.<sup>22</sup> The FMCSA has partnered with state attorneys general, local law enforcement agencies, and industry and consumer groups to oversee and prevent fraud in the moving industry.<sup>23</sup>

### III. Effect of Proposed Changes:

This bill amends the requirements for household moving services and preempts certain local ordinances and regulations. The following paragraphs outline the sections of the bill:

**Section 1** amends s. 507.01, F.S., to narrow the definition of the term “storage” to mean the “temporary” warehousing of a shipper’s goods while under the care, custody, and control of a mover.

**Section 2** amends s. 507.03, F.S., to change the registration renewal requirement by providing for a biennial requirement instead of an annual requirement. This section also grants the Florida

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<sup>15</sup> Section 507.08, F.S.

<sup>16</sup> Section 507.13(1)(a), F.S.; *see also* Department of Agriculture and Consumer Services, *Senate Bill 1570* (Feb. 26, 2009) (on file with the Senate Committee on Judiciary).

<sup>17</sup> Telephone interview with LuAnn Stiles, Director of Consumer Services, Department of Agriculture and Consumer Services (April 8, 2009).

<sup>18</sup> Section 507.03(4), F.S.

<sup>19</sup> *See* s. 507.13(1), F.S.

<sup>20</sup> Local business taxes were formerly known as “local occupational license taxes.” *See* ch. 2006-152, L.O.F.

<sup>21</sup> *See* s. 205.022(5), F.S.

<sup>22</sup> *See* Federal Motor Carrier Safety Administration, *Background: The Regulation of Household Goods Movers*, <http://www.protectyourmove.gov/about/background/background.htm> (last visited March 26, 2009).

<sup>23</sup> *Id.*

Department of Agriculture and Consumer Services (FDACS) the authority to extend the registration expiration date up to 12 months in order to establish staggered expiration dates of movers to prevent the department from receiving an influx of registration renewals and to allow for more efficient processing of renewals. The registration fee will continue to be calculated at the rate of \$300 per year.

Additionally, this section removes the requirement that movers and brokers obtain a local license or register locally and deletes the provision requiring movers and moving brokers to pay for local license or registration fees in addition to the state registration fee.<sup>24</sup> However, movers and brokers are still required to pay the state registration fee, which will continue to be calculated at the rate of \$300 per year.

**Section 3** amends s. 507.04, F.S., to allow a mover to exclude liability for items packed by the shipper, if the shipper declines in writing to allow the mover to inspect the box or crate containing the items, and the mover declares his/her exclusion from such liability.

**Section 4** amends s. 507.06, F.S., to allow a mover to refuse to transport or ship any of a shipper's household goods, as long as the shipper is notified of, and acknowledges, the movers refusal. This section also changes the catch line to include "transportation or shipment" to correspond with the new language proposed in this section of the bill.

**Section 5** amends s. 507.07, F.S., to make technical changes to the language in order to comport with the language amending s. 507.03, F.S., in section 2 of the bill, which would require movers to register biennially, instead of annually, with FDACS.

**Section 6** amends s. 507.13, F.S., to preempt local governments from enacting ordinances regulating movers of household goods or moving brokers. However, ordinances enacted before January 1, 2009, or amendments to those ordinances, may remain in effect, provided such ordinances levy "reasonable" registration fees that do not exceed the cost of administering the ordinance. Additionally, these existing ordinances may only require registration or bonding of a mover or moving broker whose principal place of business is located within that jurisdiction.

This section also clarifies that the preemption does not apply to a local government's authority to levy a local business tax, pursuant to ch. 205, F.S.

**Section 7** provides an effective date of July 1, 2009.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

##### **B. Public Records/Open Meetings Issues:**

None.

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<sup>24</sup> Note: Section 6 of the bill addresses local registration requirements of movers and moving brokers.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

**Retroactive Application**

Section six of the bill provides that it will operate retroactively to January 1, 2009. This will affect local ordinances or regulations adopted between January 1, 2009 and July 1, 2009, the bill's effective date. In general, courts will refuse to apply a statute retroactively if it affects substantive rights, liabilities, and duties,<sup>25</sup> impairs vested rights, creates new obligations, or imposes new penalties.<sup>26</sup> However, statutes which do not alter contractual or vested rights, but relate only to remedies or procedure, can be applied retroactively.<sup>27</sup>

Florida courts have recognized that a statute may be retroactively applied if:

- There is clear evidence that the Legislature intended to apply the statute retroactively; and
- Retroactive application is constitutionally permissible.<sup>28</sup>

In determining whether retroactive application is constitutional, courts have generally held that due process considerations prevent the retroactive abolition of vested rights.<sup>29</sup> This is not an absolute rule, however, because the courts have identified factors that may be considered in determining whether to allow retroactivity. In one case, the Supreme Court weighed three factors in considering the validity of retroactivity:

- The strength of the public interest served by the statute;
- The extent to which the right affected is abrogated; and
- The nature of the right affected.<sup>30</sup>

Since this bill is aimed at local governments and not private citizens, it is unlikely that it will create due process concerns. By eliminating additional local registration fees in lieu of a single state registration fee, it will reduce procedural requirements and business costs for movers and moving brokers.

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<sup>25</sup> *Progressive Express Ins. Co. v. Menendez*, 979 So. 2d 324 (Fla. 3d DCA 2008).

<sup>26</sup> *Romine v. Florida Birth Related Neurological Injury Compensation Ass'n*, 842 So. 2d 148, 153 (Fla. 5th DCA 2003).

<sup>27</sup> *Menendez*, 979 So. 2d at 330.

<sup>28</sup> *Metropolitan Dade County v. Chase Fed. Housing Corp.*, 737 So. 2d 494 (Fla. 1999); *Promontory Enterprises, Inc. v. Southern Engineering & Contracting, Inc.*, 864 So. 2d 479 (Fla. 5th DCA. 2004).

<sup>29</sup> *State Dept. of Transportation v. Knowles*, 402 So. 2d 1155 (Fla. 1981).

<sup>30</sup> *Id.*

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

To date there are 839 movers and six moving brokers in the state of Florida.<sup>31</sup> This bill may reduce business costs on household movers and moving brokers by requiring reasonable local registration fees limited to the amount of administering the ordinance or regulation.

This bill may also “reduce the administrative burden on intrastate movers by requiring registration biennially.”<sup>32</sup> However, a biennial registration renewal requirement at the current rate of \$300 per year would require movers and moving brokers to pay \$600 every other year instead of \$300 per year.

Section 3 of this bill allows a mover to declare exclusion from liability for items packed by a shipper, in which the shipper has declined in writing to allow the mover to inspect the shipped items. Under this provision, an individual may not be able to hold a mover or moving broker liable if the shipper has not permitted the mover to inspect the shipped goods.

**C. Government Sector Impact:**

Preemption of local government ordinances could lead to a loss of revenue for local governments. In addition, local governments that currently regulate household movers prior to January 1, 2009, may also experience a loss in revenue because they will only be permitted to collect reasonable registration fees necessary to cover the administrative costs of the ordinance. Those local governments that choose to continue their ordinances and regulations may incur additional monitoring costs to ensure their fees and taxes are deemed “reasonable” under the language of the bill.<sup>33</sup>

According to FDACS, the preemption on local government ordinances as framed in the bill will not expand the duties or responsibilities of FDACS.<sup>34</sup>

**VI. Technical Deficiencies:**

None.

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<sup>31</sup> Telephone interview with LuAnn Stiles, *supra* note 17.

<sup>32</sup> Department of Agriculture and Consumer Services, *Senate Bill 1570 Fiscal Impact* (Feb. 26, 2009) (on file with the Senate Committee on Judiciary).

<sup>33</sup> *Id.*

<sup>34</sup> Telephone interview with LuAnn Stiles, *supra* note 17.

**VII. Related Issues:**

None.

**VIII. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Commerce on March 17, 2009:**

The committee substitute clarifies the limitations on local ordinances or regulations enacted before January 1, 2009, and clarifies that such limitations do not apply to a local government's authority to levy a local business tax, pursuant to ch. 205, F.S.

- B. **Amendments:**

**Barcode 492406 by Community Affairs on March 31, 2009:**

Rewords a provision dealing with regulating movers whose principal place of business is within the jurisdiction.